

TITLE 5: UNIFORM COMMERCIAL CODE  
DIVISION 4: BANK DEPOSITS AND COLLECTIONS

**§ 4201. Presumption and Duration of Agency Status of Collecting Banks and Provisional Status of Credits; Applicability of Division; Item Indorsed “Pay Any Bank.”**

(1) Unless a contrary intent clearly appears and prior to the time that a settlement given by a collecting bank for an item is or becomes final (5 CMC § 4211(3) and 5 CMC §§ 4212 and 4213) the bank is an agent or subagent of the owner of the item and any settlement given for the item is provisional. This provision applies regardless of the form of indorsement or lack of indorsement and even though credit given for the item is subject to immediate withdrawal as of right or is in fact withdrawn; but the continuance of ownership of an item by its owner and any rights of the owner to proceeds of the item are subject to rights of a collecting bank such as those resulting from outstanding advances on the item and valid rights of setoff. When an item is handled by banks for purposes of presentment, payment and collection, the relevant provisions of this division apply even though action of parties clearly establishes that a particular bank has purchased the item and is the owner of it.

(2) After an item has been indorsed with the words “pay any bank” or the like, only a bank may acquire the rights of a holder:

- (a) Until the item has been returned to the customer initiating collection; or
- (b) Until the item has been specially indorsed by a bank to a person who is not a bank.

**Source:** PL 3-56, § 1 (§ 4201).